

**HB 1721 - DIGEST**

(AS OF HOUSE 2ND READING 3/09/05)

Recognizes that state and tribal jurisdiction to tax the same transaction results in confusion regarding the imposition and collection of tax.

Declares an intent to allow tribal municipalities to contract with the department of revenue for the distribution of tax in the same manner as other cities and towns within the state of Washington.

Declares an intent that the tribal municipal tax be treated the same as a tax imposed by a city or town tax insofar as calculating the percentage of tax to be shared between the county and the city or town.

Provides that, as a pilot project, the department may enter into an interlocal cooperation agreement pursuant to chapter 39.34 RCW with any Indian tribe that has a city, as that term is used in this act, to administer and collect tax under the provisions of RCW 82.14.050 to be levied on activities occurring on federal Indian trust or restricted fee lands within the boundaries of the city as the boundaries are defined by the charter of the city.

Provides that the agreement may also cover additional areas of tax administration, including audit and compliance, and other administrative provisions of chapters 82.03, 82.08, 82.12, and 82.32 RCW, as may be required to simplify tax administration and tax reporting.

Requires the department to report to the legislature by December 1, 2006, regarding the agreement. The report shall contain information on the fiscal impact of the agreement, administrative issues encountered during implementation, any legal issues that need to be addressed in state law, and any other matter significant to the agreement. The report shall contain a recommendation on the feasibility of extending this pilot project.